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STATE OF MONTANA

Review of Expenditures in Excess of
Appropriations for Certain State Agencies

January 1978

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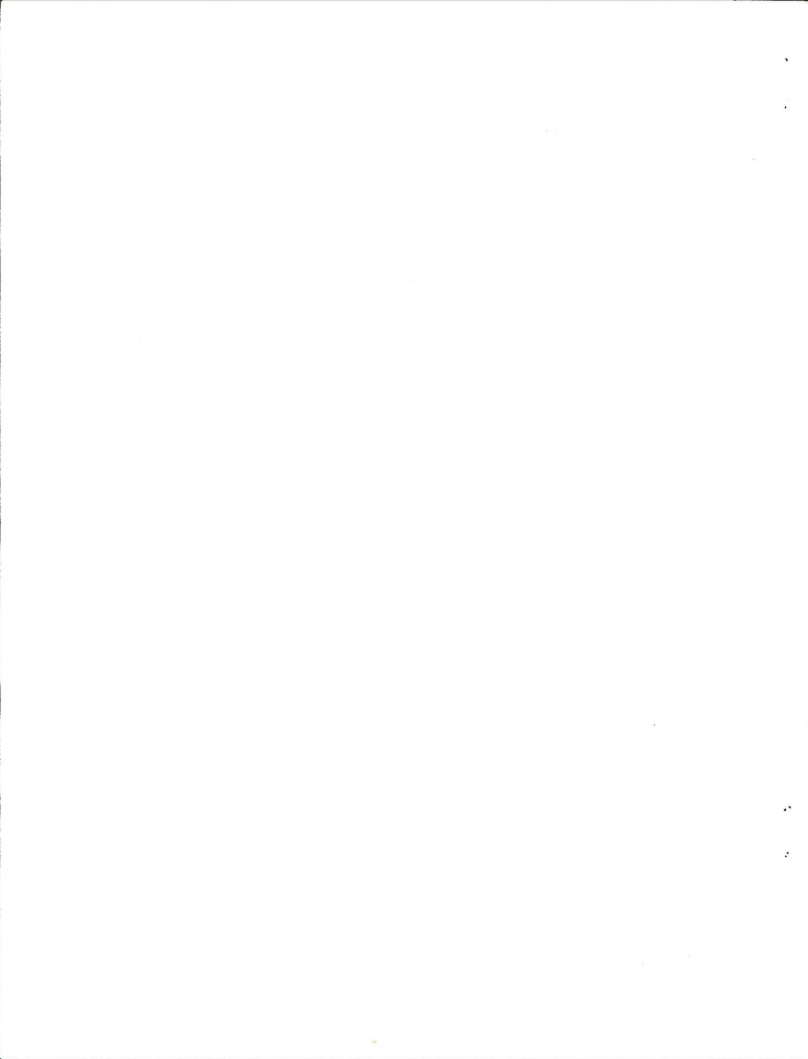


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SUMMARY OF RECOMMENDATIONS

As a separate section in the front of each audit report we include a listing of all recommendations together with a notation as to whether the agencies concur or do not concur with each recommendation. This listing serves as a means of summarizing the recommendations contained in the report and the audited agencies' replies thereto and also as a ready reference to the supporting comments.

Page

The Mental Disabilities Board of Visitors and the Office of Budget and Program Planning work together to carefully review all prospective year-end expenditures to determine if the remaining fiscal year appropriation is sufficient to cover the charges.

2

Mental Disabilities Board of Visitors Reply: Concur.
See page 9.

Budget and Program Planning Reply: Concur. See page 8.

That the Department of Administration:

1. Review all transfer warrant claims, including travel claims, submitted after each fiscal year-end to determine that the proper fiscal year's appropriation is charged with expenditures.

6

Department of Administration Reply: Concur. See page 10.

2. Comply with Section 82-109.2, R.C.M. 1947, which sets forth the procedures for payment of claims when no appropriation balance is available.

7

Department of Administration Reply: The Department of Administration will explore the possibility of modifications to the statutes which would more clearly allow this policy without substantially weakening the restrictions on such expenditures. See page 10.

STATE OF MONTANA

Office of the Legislative Auditor

STATE CAPITOL
HELENA, MONTANA 59601
406/449-3122



MORRIS L. BRUSETT
LEGISLATIVE AUDITOR

January 1978

DEPUTY LEGISLATIVE AUDITORS:

JOSEPH J. CALNAN
ADMINISTRATION AND
PROGRAM AUDITS

ELLEN FEAVER
FINANCIAL COMPLIANCE AND
CONTRACTED AUDITS

STAFF LEGAL COUNSEL
JOHN W. NORTHEY

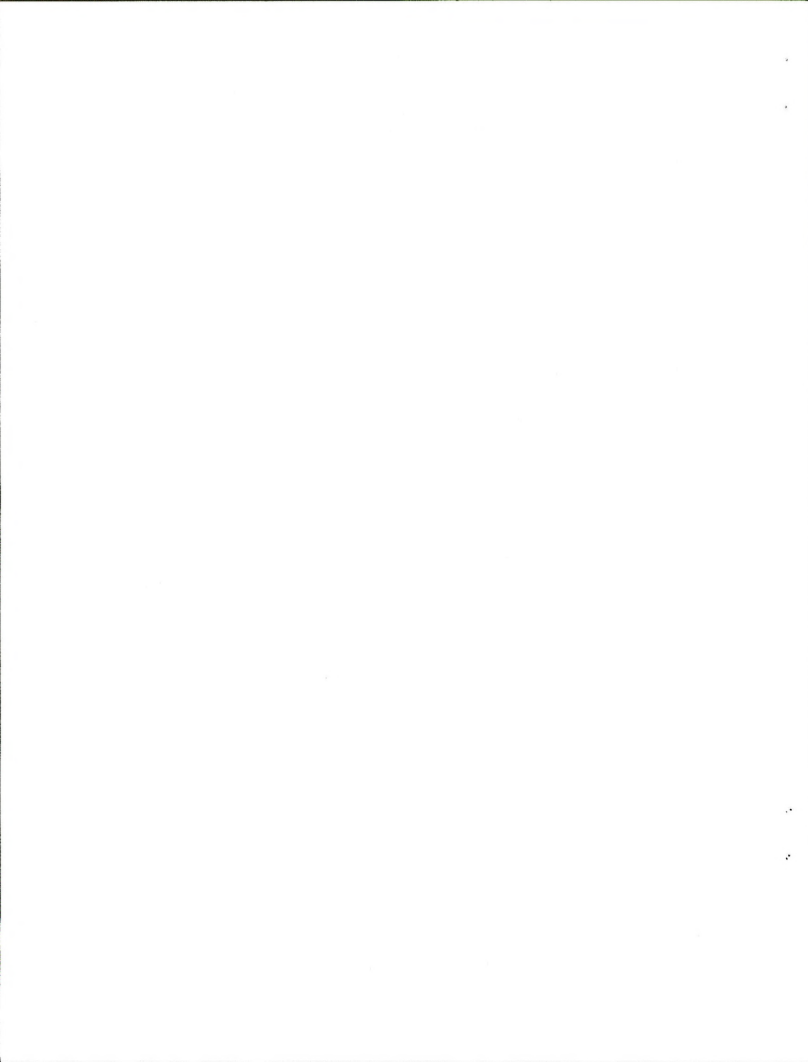
The Legislative Audit Committee
of the Montana State Legislature:

Transmitted herewith are the results of our review of expenditures incurred in excess of appropriations for certain state agencies. We performed the review to determine executive branch practices for paying such expenses. Agency responses are included in the back of the report.

Pursuant to Section 79-2310, R.C.M. 1947, we have provided copies of this report to the Governor and the Attorney General as expenditures in excess of appropriations may be in violation of state statutes.

Respectfully submitted,

Morris L. Bruset, C.P.A.
Legislative Auditor



INTRODUCTION

The Office of Budget and Program Planning authorizes the payment of claims of the Mental Disabilities Board of Visitors. In August 1977, the budget office realized that the Mental Disabilities Board of Visitors had charged fiscal year 1976-77 claims to their fiscal year 1977-78 appropriation, and they notified this office of their finding.

While performing a preliminary review of these claims, which indicated the Mental Disabilities Board of Visitors' overexpending their fiscal year 1976-77 appropriation, we found that the Department of Administration, Accounting Division, prepares a list of agencies that overspend their appropriations. These agencies are identified on the list with the applicable claim that resulted in the overexpenditure. We expanded our audit testing to cover the agencies on the list to determine executive branch practices for paying such expenses. We did not determine whether additional agencies should have been included on the list.

MENTAL DISABILITIES BOARD OF VISITORS

The Mental Disabilities Board of Visitors is attached to the Governor's Office for administrative purposes according to Section 38-1330(9), R.C.M. 1947. The board incurs expenses, and the Office of Budget and Program Planning approves claims for payment. In July and August 1977 the board submitted claims totaling \$1,429 to the budget office relating to June 1977 expenditures. The claims were for a June telephone bill and June travel expenses of board members who made an official site visit to the Montana Center for the Aged in Lewistown, Montana. At June 30, 1977, only \$406 remained in the Mental Disabilities Board of Visitors' fiscal year 1976-77 appropriation. The budget office offset the remaining 1976-77 appropriation balance against the claims and

instructed the Department of Administration to pay the remaining balance of the claims, \$1,023, out of the board's fiscal year 1977-78 appropriation.

The Mental Disabilities Board of Visitors was appropriated \$30,000 for each fiscal year in the 1975-77 biennium. The five-member board was appointed in December 1975 and the executive director was hired in June 1976. As a result, the board spent only \$9,774 in fiscal year 1975-76, and the remaining balance of \$20,226 reverted to the general fund at fiscal year-end.

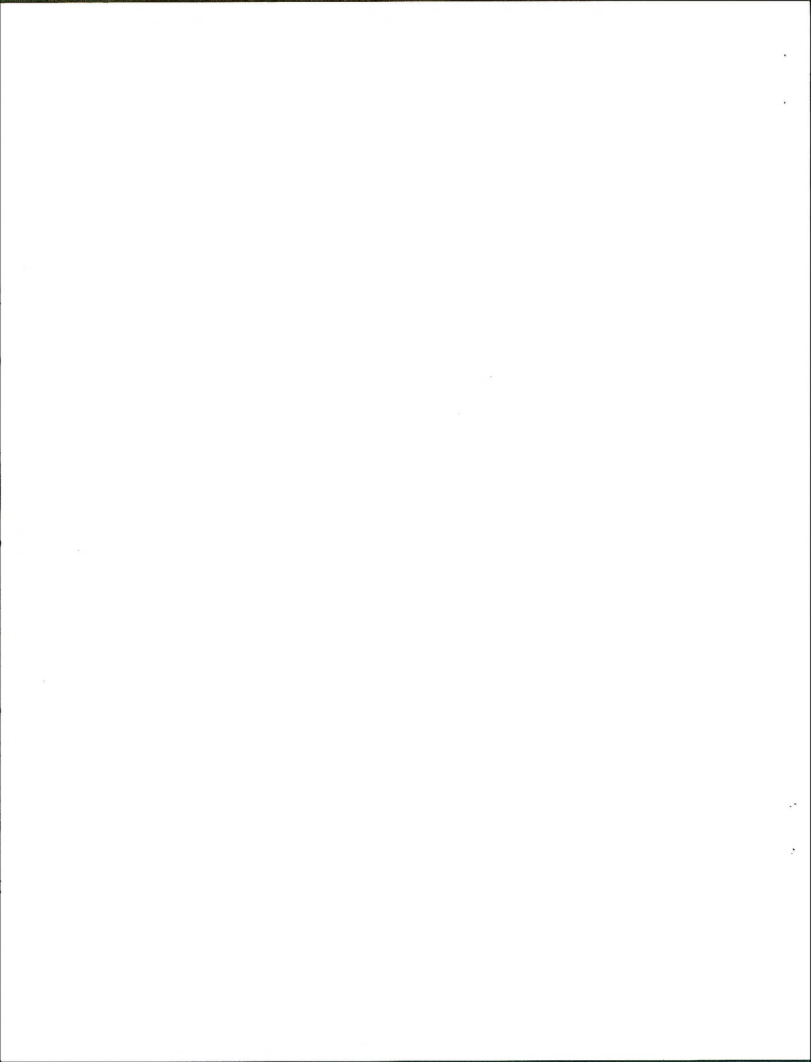
House Bill 269, Montana Session Laws, 44th Legislative Assembly, 1975, provided in part:

"An agency may request and the approving authority may approve a budget amendment to expend remaining balances of the first fiscal year appropriations, including general fund appropriations, during the second fiscal year of the biennium. All requests for budget amendments shall be submitted through the budget director."

The Mental Disabilities Board of Visitors requested a balance transfer in November 1976. Office of Budget and Program Planning officials approve balance transfers only if an unforeseen or unanticipated emergency exists. The budget office disapproved the balance transfer in November 1976 because there was no emergency which required such a transfer. The board should have obtained an approved budget amendment in June 1977 before board members made their site visit to the Montana Center for the Aged in Lewistown. Failure to do this resulted in an overexpenditure of the fiscal year 1976-77 appropriation and travel expenses being paid out of the board's fiscal year 1977-78 appropriation.

RECOMMENDATION

We recommend that the Mental Disabilities Board of Visitors and the Office of Budget and Program Planning work together to carefully



review all prospective year-end expenditures to determine if the remaining fiscal year appropriation is sufficient to cover the charges.

OTHER AGENCIES

The Accounting Division of the Department of Administration reviewed transfer warrant claims submitted during the period July 1 to September 30, 1977 to determine if they were being paid from the correct fiscal year's appropriation. If it appeared from the invoices that transfer warrant claims were being improperly charged to the 1977-78 appropriation instead of the 1976-77 appropriation, the claims were returned to the agency for recoding. The Accounting Division sent a letter to the agency with the claim stating "if there is an insufficient balance in the 1977 appropriation to cover the claims, they may be charged to the 1978 appropriation." When this situation occurred, the Accounting Division paid the claims out of the agency's fiscal year 1977-78 appropriation and recorded the agency and claim on a list. We did not review previous years' cutoffs, but we understand the procedures described above had been followed in the past. The claims were paid on time so that the vendors would not be penalized unfairly.

This procedure directly contradicts Section 82-109.2, R.C.M. 1947, which requires the Department of Administration, in the claim pre-audit function, to ascertain that the proper appropriation is charged and prohibits the department from charging an appropriation unless the balance of the appropriation is available and adequate. This statute further states that "if no appropriation is available for the payment of a liquidated claim, the department shall audit it and, if it is a valid claim, transmit it to the governor for presentation to the legislative



assembly." For the biennium in question, the Office of Budget and Program Planning had the authority to transfer remaining appropriation balances in programs between the fiscal years of a specific biennium but not between bienniums. However, under the provisions of the present appropriation act, House Bill 145, Montana Session Laws, 45th Legislature, 1977, the budget office indicated that they no longer have this authority.

The Accounting Division of the Department of Administration recorded five agencies and 14 claims as of October 3, 1977, on the list of agencies charging expenditures to the wrong fiscal year. These agencies were the Supreme Court, the Department of Justice, the Historical Society, the Department of Health and Environmental Sciences, and the Consumer Counsel.

We reviewed all transfer warrant claims submitted by the five agencies from July 1 to September 30, 1977 to determine if they were being paid from the correct fiscal year's appropriation. We also reviewed claims for the Governor's Office due to the overexpenditures of the Mental Disabilities Board of Visitors, which is attached to that office. We found 43 additional transfer warrant claims which should have been included on the list prepared by the Accounting Division. Many of these were travel claims, as described on page 6.

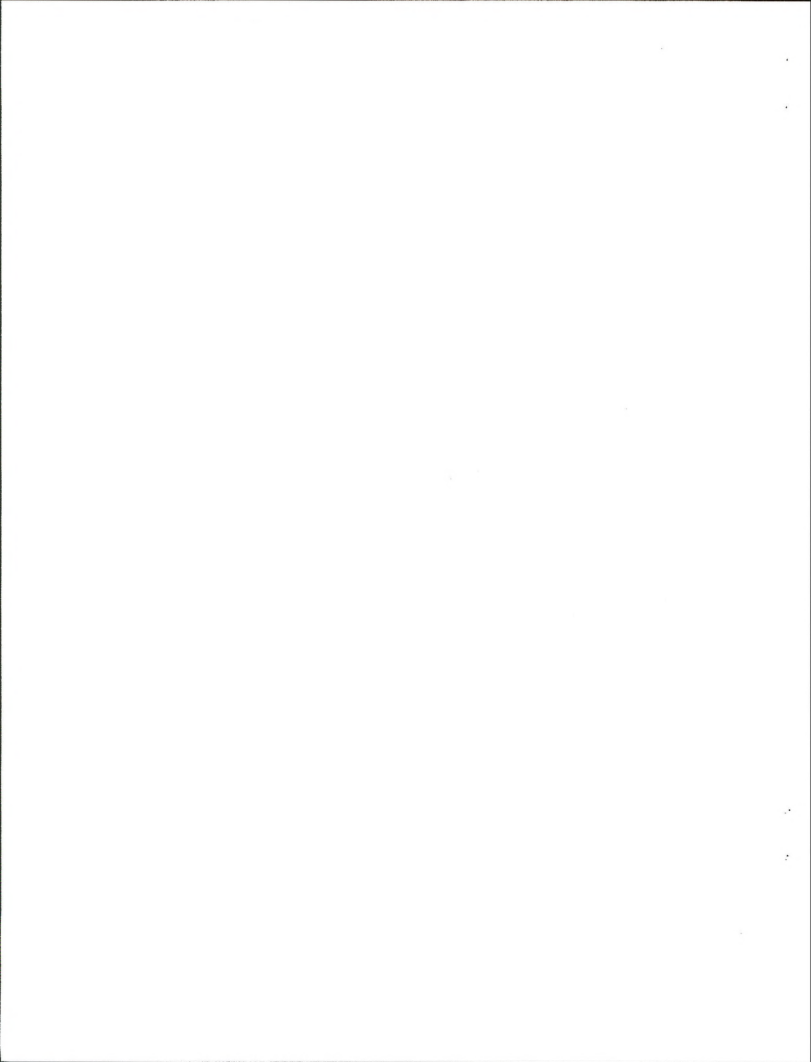
In total, the agencies charged \$53,746 in expenditures to the wrong fiscal year.

<u>Agency</u>	<u>Total Expenses Charged to Fiscal Year 1977-78 Relating to Fiscal Year 1976-77 Operations</u>
Governor's Office	\$ 82
Supreme Court	48,833
Department of Justice	943
Historical Society	199
Department of Health and Environmental Sciences	572
Consumer Counsel	<u>3,117</u>
Total	<u>\$53,746</u>

Certain of these expenses should have been charged as prior year expenditure adjustments against the reverted appropriation balances for fiscal year 1976-77. In most cases, except for minor amounts, there were sufficient funds as of September 30, 1977, in the reverted fiscal year 1976-77 appropriations to cover the expenses. We notified the agencies of the errors and they agreed to make the proper adjustments. Most of these agencies could also have submitted budget amendments or requests for transfers from the appropriations of other programs to cover the overexpenditures of particular appropriations.

At September 30, 1977, three of these agencies had incurred expenses of minor amounts in excess of their reverted appropriation balances for particular appropriations. Two agencies, however, significantly overexpended their total appropriation authority. At September 30, 1977, the Supreme Court had total expenditures of \$48,833 that were charged to fiscal year 1977-78 but related to fiscal year 1976-77 operations. This total consisted of \$39,313 from the General Fund and \$9,520 from the Federal and Private Revenue Fund. The \$39,313 in expenditures was in excess of the Supreme Court's spending authority. The Consumer Counsel had \$3,117 of expenditures in excess of their spending authority.

Section 79-901, R.C.M. 1947, provides in part:



"It shall be unlawful for the board of trustees, executive board, managerial staff, president, deans and faculty, or any other authority of any state institution maintained in whole or in part by the state, or for any officer, department, board, commission, or bureau, having charge of the disbursement or expenditure of the income provided by the legislative appropriation, or otherwise, to expend, contract for the expenditure, or to incur or permit the incurring of any obligation whatsoever, in any one year, in excess of the income provided for such year."

In addition, the appropriation bill for the biennium, Montana Session Laws of the 44th Legislature, 1975, for these agencies provides that "expenditures shall not exceed appropriations except as otherwise provided in this act." However, in the case of the Supreme Court, Section 93-211, R.C.M. 1947, provides in part:

"If proper rooms in which to hold the court, and for the accommodation of the officers thereof, are not provided by the state, together with attendants, furniture, fuel, lights, and stationery, suitable and sufficient for the transaction of business, the court, or any two justices thereof, may direct the clerk of the supreme court to provide such rooms, attendants, furniture, lights, fuel, and stationery; and the expenses thereof, certified by any two justices to be correct, must be paid out of the state treasury, out of any funds in the state treasury not otherwise appropriated."

Even if this statute applied, we have found no such certification by two justices as required by the statute.

The Accounting Division did not review travel claims to determine that the proper fiscal year's appropriation was charged. Our review of claims submitted by the agencies named above resulted in a total of \$9,952 of fiscal year 1976-77 travel expenses that were charged to fiscal year 1977-78 appropriations.

RECOMMENDATION

We recommend that the Department of Administration:

1. *Review all transfer warrant claims, including travel claims, submitted after each fiscal year-end to determine*

that the proper fiscal year's appropriation is charged with expenditures.

2. *Comply with Section 82-109.2, R.C.M. 1947, which sets forth the procedures for payment of claims when no appropriation balance is available.*

FINAL COMMENTS

We have reviewed this report with officials of each agency involved in the report contents. The full texts of their written responses to this report begin on page 8.

We wish to express our appreciation to these officials and their respective staffs for cooperation and assistance during the audit.

AGENCY REPLIES



Office of the Governor
Budget and Program Planning

Thomas L. Judge
Governor
George L. Bousliman
Director

Capitol Building - Helena, Montana 59601

December 19, 1977

Mr. Morris L. Brusett
Legislative Auditor
State Capitol Building
Helena, Montana 59601

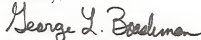
Dear Morris:

This letter is in response to your request for comments concerning a recommendation to be included in your review of expenditures charged to the wrong fiscal year. The recommendation and this office's comments are as follows:

RECOMMENDATION: That the Mental Disabilities Board of Visitors and OBPP work together to carefully review all prospective year end expenditures to determine if the remaining fiscal year appropriation is sufficient to cover the charges.

OBPP COMMENTS: The Board has agreed to carefully work with our office during the close-out period to make sure no further over expenditures occur.

Sincerely,



George L. Bousliman
Director

cc: Board of Visitors
Mary Jo Murray

DEC 21 1977

MONTANA LEGISLATIVE





STATE OF MONTANA
Office of the Governor
Mental Disabilities Board of Visitors

325 Power Block - Helena, Montana 59601
(406) 449-3955

December 22, 1977

Thomas L. Judge
Governor

RECEIVED

DEC 23 1977

MONTANA LEGISLATIVE AUDITOR

Ellen Feaver, Deputy Legislative Auditor
Office of the Legislative Auditor
State Capitol
Helena, Montana

Dear Ms. Feaver,

In response to your letter of December 16, 1977, the Mental Disabilities Board of Visitors accepts and will make all efforts to comply with the recommendations of the Legislative Audit Committee.

The Board of Visitors has taken the following measures to ensure that the budget will be maintained:

1. A bookkeeping system has been established in the Power Block office to monitor monthly expenditures, so this Board does not need to rely on the delayed print-outs from the State Budget Accounting System.
2. A policy has been established with the Office of Budget and Program Planning in which this office is notified monthly of expenditures from agencies which do not send monthly statements to this office. (i.e. General Services, Communications and the State Motor Pool.)
3. Expenses resulting from the rental of office space, the contracts for in-state consultants, and anticipated honorariums and travel for Board members are regularly encumbered for this Board by the Office of Budget and Program Planning.

As the above policies indicate the Board of Visitors has already established budget monitoring procedures with the Office of Budget and Program Planning. With such practices initiated, the Board does not anticipate any Budget problems in the future.

If you have any questions or comments regarding this Board's policies, please feel free to contact me.

Sincerely,

Kelly Moorse
Executive Secretary

KM:mj
Enclosure



THOMAS L. JUDGE Governor

STATE OF MONTANA
DEPARTMENT OF ADMINISTRATION
DIRECTOR'S OFFICE
MITCHELL BUILDING
HELENA, MONTANA 59601

December 22, 1977

Mr. Morris L. Brusett
Legislative Auditor
State Capitol
Helena, Montana 59601

DEC 22 1977

MONTANA LEGISLATIVE AUDITOR

Dear Morris:

In your report on the review of expenditures charged to the wrong fiscal year, the following recommendations were directed to the Department of Administration for response:

RECOMMENDATIONS - Page 6

We recommend that the Department of Administration:

1. Review all transfer warrant claims, including travel claims, submitted after each fiscal year-end to determine that the proper fiscal year's appropriation is charged with expenditures.

Response: We concur.

2. Comply with Section 82-109.2, R.C.M. 1947, which sets forth the procedures for payment of claims when no appropriation balance is available.

Response: We agree the recommendation is technically correct; however, we feel that strict adherence to this procedure, could impose a financial hardship on the vendor. To avoid requiring a businessman to wait at least 18-months for payment of a legitimate claim, the Department of Administration has adopted the procedure described in your report. In addition, this avoids possible interest costs to the state; gives the agency the opportunity to absorb the cost without requiring additional appropriation of funds by the legislature and reports the instant for review by both the legislature and the Office of Budget and Program Planning.

The Department of Administration will explore the possibility of modifications to the statutes which would more clearly allow this policy without substantially weakening the restrictions on such expenditures.

Sincerely,

Jack C. Crosser
Jack C. Crosser, Director





PAUL G. HATFIELD
CHIEF JUSTICE
JOHN CONWAY HARRISON
JUSTICE
FRANK J. HASWELL
JUSTICE
GENE B. DALY
JUSTICE
DANIEL J. SHEA
JUSTICE

State of Montana
Supreme Court
HELENA

January 6, 1978



RAY STEWART
COURT
ADMINISTRATOR

RECEIVED

JAN 6 1978

MONTANA LEGISLATIVE AUDITOR

Mr. Morris L. Brusett
Legislative Auditor
132 State Capitol
Helena, MT 59601

Dear Morris:

Chief Justice Paul G. Hatfield asked me to present this response to your December 22, 1977, letter and draft "wrong fiscal year expenditures report" for inclusion in the final, published report.

We appreciate your recognition that the Judicial Branch was following the Department of Administration Accounting Division's procedures regarding claims against depleted appropriations.

However, some further clarification may be useful to your committee:

Your draft fails to mention the Court requested its first audit in FY 76 and authorized the Court Administrator to contract its own audit in FY 77--the first reported audits of Montana's Judicial Branch finances since 1966. It requested those audits to further nonjudicial management improvements suggested by the court administrator. If regular audits had occurred the practice of carrying prior year travel costs forward could have been stopped earlier 4/ than FY 78, and the domino cost effect we've experienced this year 5/ may have been avoided. Also, the FY 77 CPA report was acted on by the Court as early as September and since then it has promulgated many other corrective orders.

Such an audit report as your draft might be expected to deal with accounting system deficiencies if they cause the misreporting of expenditures. 1/ This is particularly true if your primary thrust is to audit Department of Administration practices. Although 79-901 seems to annualize governmental financial operations, it doesn't mention lease purchases or leases of capital items for greater time periods than current fiscal years. Capital items to be paid at a future time certain are lease-purchase 2/ agreements.

Also, your draft report implies that Executive Agency statutes are applicable to the Judicial Branch without reference to the Supreme Court's constitutional responsibility to supervise Montana's courts. To apply those statutes without recognizing the responsibilities



Mr. Morris L. Brusett
January 6, 1978
Page Two

may wrongly suggest the Supreme Court does not have the managerial discretion to lead the other courts or direct its own affairs, not even financial. Perhaps legislative audit does not think of the courts as executive agency per 79-901 because it hasn't applied 79-2308 but once in a decade.

Your report does not mention the courts' rapidly rising caseload. 3/ Yet a 40 percent increase in only 3 years' time can be reasonably expected to cause a dramatic change in personnel needs and expenditures.

The December 22 draft of your "wrong fiscal year expenditures report" seriously misrepresents the cited Supreme Court expenditures in FY 77 and FY 78. We have discussed this misrepresentation twice (once with you and once with a staff auditor) since delivering to you similar clarifications included with our FY 78 audit report. Of the alleged \$48,833 FY 78 charges "relating" to FY 77 operations:

- 1/ 17,793 represents federally-funded project effort for which state accounting procedures proved inadequate to process continuing appropriations and their required state match, across state fiscal years.
- 2/ 20,391 represents capital (including books and library acquisitions) purchases ordered in FY 77, on the understanding they could be paid from FY 78 funds; most was not received until FY 78, even though invoice-shipping dates were in FY 77.
- 3/ 4,181 represents suddenly rising salary costs because of greatly increasing caseload: holding 6-FY 77 law clerks and starting 5-FY 78 law clerks caused 37 weeks of June law clerk costs versus usual monthly costs of 24 law clerk weeks per month.
- 4/ 3,957 represents part of the effect of several years' practice of untimely travel expense voucher filing under judicial commissions.

Mr. Morris L. Brusett
January 6, 1978
Page Three


5/ 4,800 represents salary carried forward into FY 78
because another 5,257 of FY 76 travel costs
was met by FY 77 funds under district courts.

(This totals 51,122 without offsetting
adjustments.)

Montana's courts suffered from dispersed financial management housed in at least 2 executive and 2 judicial agencies prior to 1976. The consolidation of financial management has been moving steadily, but tradition accepts change slowly in tradition-oriented organizations like the courts. But you may agree the Court's growing interest in non-judicial management and its expectations for nonjudicial program performance and accountability is most rewarding. Our past year of effort can hardly be compared to your decade of improving financial management in the executive branch.

Thank you for the opportunity to contribute to your report. Please let me know if I can provide any further assistance.

Sincerely,


Ray Stewart
Court Administrator



LEGISLATIVE CONSUMER COMMITTEE
REP. JOE QUILICI, CHAIRMAN
SEN. ALLEN C. KOLSTAD
SEN. THOMAS E. TOWE
REP. EARL C. LORY



GEOFFREY L. BRAZIER
CONSUMER COUNSEL
TELEPHONE (406)
449-2771

MONTANA CONSUMER COUNSEL

34 W. SIXTH AVENUE
HELENA, MONTANA 59601

December 23, 1977

DEC 26

1977

Mr. Morris L. Brusett
Legislative Auditor
State Capitol
Helena, Montana 59601

Dear Mr. Brusett:

Pursuant to your letter of December 22 and enclosure, please be advised that we have no response to your report on the review of expenditures charged to the wrong fiscal year.

Respectfully,

Geoffrey L. Brazier
Geoffrey L. Brazier
Montana Consumer Counsel

GLB/cf

State of Montana
Office of The Governor
Helena 59601

THOMAS L. JUDGE
GOVERNOR

DEC 29 1977

MONTANA LEGISLATIVE

December 28, 1977

Mr. Morris Brusett
Legislative Auditor
State Capitol
Helena, Montana 59601

Dear Mr. Brusett:

In response to your letter of December 22, 1977, the Governor's Office accounting section of the Office of Budget and Program Planning has been instructed to carefully monitor all claims, especially at fiscal year end, to ascertain that expenditures are charged to the correct fiscal year, and to avoid clerical error.

Sincerely,

Keith P. Colbo

KEITH L. COLBO
Executive Assistant

KLC/jea

Enclosure

cc: Office of Budget and Program Planning

STATE
OF
MONTANA
ATTORNEY GENERAL
MIKE GREELY

STATE CAPITOL, HELENA, MONTANA 59601 TELEPHONE (406) 449-2026

January 4, 1978

RECEIVED

JAN 6 1978

MONTANA LEGISLATIVE AUDITOR

Morris L. Bursett
Legislative Auditor
State Capitol
Helena, MT 59601

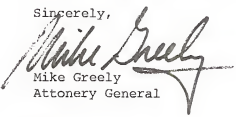
Dear Morris:

In regard to your letter dated December 22, 1977, I would like to respond to the comments made concerning the Department of Justice. Your report indicates that the Department of Justice charged fiscal year 1977 expenses in the amount of \$943 to fiscal year 1978. Bob Kuchenbrod, our administrator of Central Services, informs me that initially this is true; however, the \$879 charge was the result of a "mechanical" error and fiscal year 1978 was inadvertently charged. I have enclosed a copy of Mr. Kuchenbrod's letter in which he responded to Ms. Feaver concerning the discrepancy. It details the procedure in which Central Services corrected the errors.

As stated in your report, we have made the proper adjustments and the correct bottom line figure for the Department of Justice should be zero, with \$64.33 (the difference between the \$943 and \$879) recorded as a inhouse cost saving program transfer.

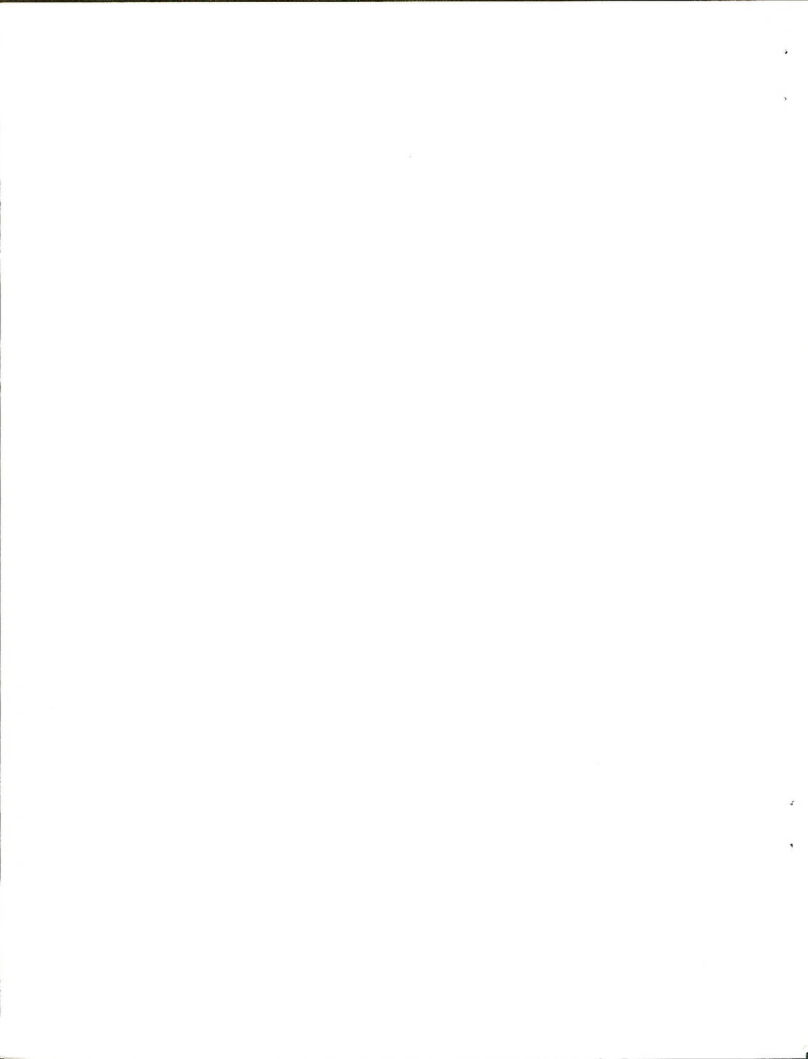
Thank you for the opportunity to respond. If you have any questions, please feel free to contact me or my staff.

Sincerely,


Mike Greely
Attorney General

enp
enclosure

cc: Mr. Kuchenbrod



STATE
OF
MONTANA
DEPARTMENT OF JUSTICE
CENTRAL SERVICES DIVISION

300 E. 10th Avenue, Helena, Montana 59601 (406) 449-1000

November 23, 1977

Ms. Ellen J. Feaver
Deputy, Fiscal and Contract Audits
Office of the Legislative Auditor
Room 135, State Capitol
Helena MT 59601

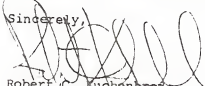
Dear Ms. Feaver:

In response to our meeting on November 22, 1977, in which we discussed the use of incorrect funds for the payment of bills, I have enclosed copies of our documents which rectify the original claims.

Journal Voucher 2009 transfers the \$867 charge for Program 2002 from Fiscal Year 1978 funds to Fiscal Year 1977 funds. The original transaction was a result of "mechanical" error. Journal Voucher 23 transfers the \$12 charge for Program 1301 from Fiscal Year 1978 funds to Fiscal Year 1977 funds. This original transaction was also due to a "mechanical" error. Journal Voucher 23002 transfers the charge of \$64.33 from Program 23 to Program 28 and from Fiscal Year 1978 to Fiscal Year 1977. This amount can be considered as a cost overrun for Program 23, and the journal voucher was submitted in lieu of a program transfer.

As I requested during our meeting, I hope you will indicate in your report that the first two were "mechanical" errors and the last journal voucher was transacted in lieu of a program transfer.

Sincerely,



Robert C. Kuchenbrod
Administrator

lhs
Enclosures-3



Department of Health and Environmental Sciences
STATE OF MONTANA HELENA, MONTANA 59601

XEROX COPY
DIRECTOR

A.C. Knight, M.D., F.C.C.P.

December 29, 1977

RECEIVED

DEC 31 1977

MONTANA LEGISLATIVE AUDITOR

Morris L. Brusett
Legislative Auditor
State Capitol
Helena, MT 59601

Dear Mr. Brusett:

The Department of Health and Environmental Sciences would like to respond to the comments made in the report re. expenditures being charged to the proper year.

A journal voucher was prepared to correct three of the situations questioned by your staff. Two of these items we felt were immaterial due to the dollar amount and the dates involved. However, my staff felt it would be advisable to make the entry. We hope that the Department of Administration will establish better guidelines for handling year end expenditures where the dollar amount is less than \$25. The third item pertained to a federal grant for which we do the accounting and its fiscal year ends February 28. Therefore, in our records it did not make too much difference which state fiscal year was charged. However, to satisfy your auditor's request, we prepared the necessary journal voucher.

The enclosed letter to Mr. Jack Crosser, dated December 6, 1977, will explain in detail the fourth item.

If we can be of any further assistance, please call Robert A. James at 2442.

Best wishes!

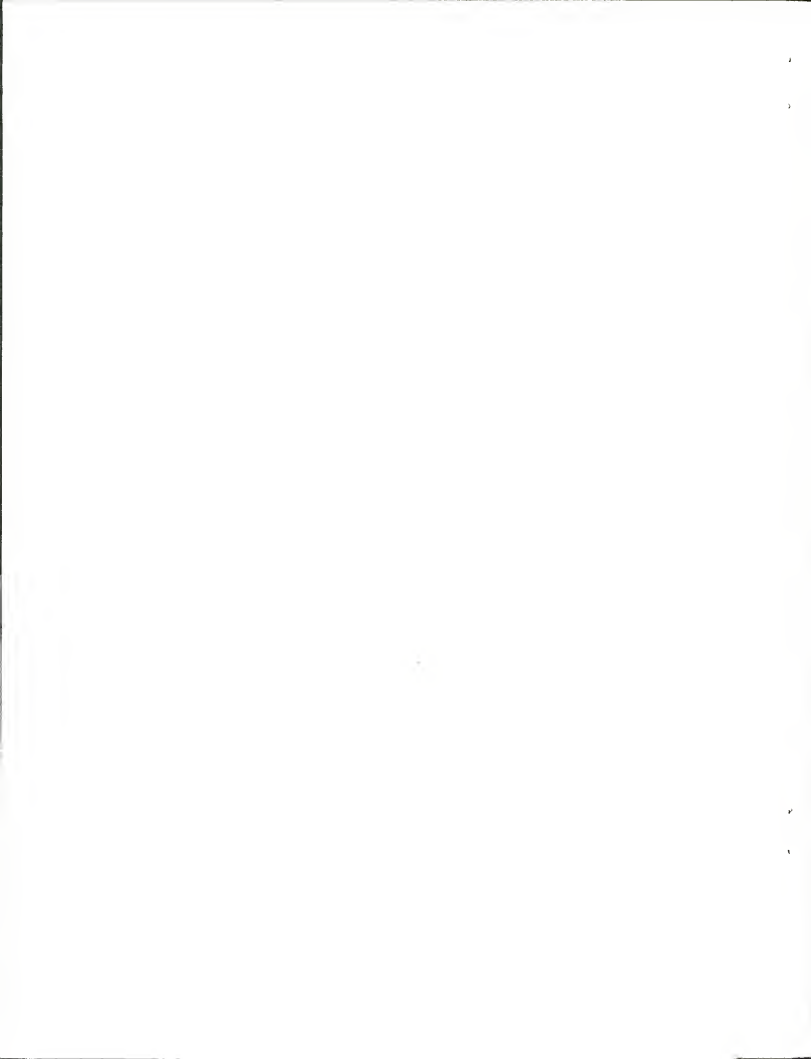
Sincerely,

A.C. Knight

A.C. Knight, M.D., F.C.C.P.

pmd

att.



Office Memorandum

STAT. DEPARTMENT OF HEALTH
AND ENVIRONMENTAL SCIENCES

TO : Jack C. Crosser, Director
Dept. of Administration

FROM : Robert A. James, Administrator

SUBJECT : Central Services Division
Overcommitted Appropriations

DATE: December 6, 1977

In response to your memorandum dated December 1, 1977, I would like to explain some of the facts causing this particular situation.

Since the obligation was for a calendar year which spanned the latter portion of Fiscal 1977 and the first half of Fiscal 1978, we assumed that it would be appropriate to charge association dues to either fiscal year.

In the spring of 1976, it was brought to my attention by our Water Quality Bureau Chief that it would be necessary to request a Budget Amendment for operations related to the Water and Wastewater Certification project. The proper paperwork was prepared and submitted to the Office of Budget and Program Planning. In order to justify this request, funds that support this activity were available in an Earmarked Revenue Account and excess of these funds were in the hands of the Board of Investments. After much discussion with OBPP, the Budget Amendment was disallowed on the basis that we would hold some invoices to be paid after July 1. One of these that was held was for the 1976 dues (See Claim Number 0483 dated July 28, 1976).

Since the 1976 dues were paid in Fiscal Year 1977, our Department felt that it would be best to hold the 1977 dues for F.Y. 1978 (See Claim No. 800542 dated August 15, 1977. In order to fully utilize the authority for F.Y. 1977, it was decided with Mr. Terry Cannon, Bureau Chief, Accounting Division, Department of Administration to charge \$13.64 to F.Y. 1977 and the remaining balance \$311.36 to F.Y. 1978.

Because of the fact that the dues covered a period falling within two fiscal years and the previous handling of dues payments, we assumed that our processing of the dues in the manner utilized would be satisfactory. If it is necessary that we split the dues so that one-half of the payment comes within one fiscal year and one-half comes in another, we should be informed as to the procedure to be followed. We wish to point out that if the total dues are paid in the first half of Fiscal 1978 and each year thereafter, the fiscal year will be burdened with its full share of the dues costs.

